The rise of authoritarian neoliberalism in post-Accession Hungary

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Neoliberalism’s burden – as a resilient, responsive and deeply reactionary credo – is that it can never remake the world in its own image. As a result, it is doomed to coexist with its unloved others, be these the residues of state socialism, developmental statism, authoritarianism, or social democracy. (Jamie Peck)

Introduction

This paper interrogates the intersectionality of populism, nationalism and authoritarian neoliberalism as a particular temporality of radical politics and its implications for welfare state development in Eastern Europe. I will locate the emergence of the current Hungarian regime within the context of the crisis of the postcommunist transformation, the global economic crisis of 2008, as well as crisis of EU Accession. While this paper very much talks to contemporary debates on the crisis of democracy and the crisis of EU integration, the argument pursued in this paper is not so much about the ‘firewall between economics and politics’ (Streeck, 2014), the ‘decoupling of politics and economics’ (Majone, 2014), or the ‘usurpation of homo politicus by homo oeconomicus’ (Brown, 2015), but rather it is about the rise of illiberal politics in which economics and politics are negotiated in radically different ways. Fundamentally I see this Hungarian regime as a nationalist steering of the ‘competition state’ with extensive state interventions and new technologies of government without the ideological celebration of markets or valorisation of market mechanisms. The distinctively anti-market discourses at play in building an internationally competitive state, foreshadows a kind of neoliberalism without liberalism. The purpose of the paper is to consider the inherent paradoxes of this regime; the building of neoliberalism without liberalism. It is as I will argue a particular construction of the state which, as Ferguson (2010) argues, is both omnipotent (being universally and comprehensively engaged in market correcting activities and in building a new society) as well as minimal (insofar as it is disengaged and takes no interest in
marginal groups and has declared war against the ‘welfare state’ as an outdated mode of governing). The paper will argue that while this new ‘radical politics’ might be seem as unique, recent political developments for example in Poland, where the electoral victory of Law and Justice in 2015, or the Turkish presidential regime shows remarkably similar patterns which suggest that this radical politics might be a new way of negotiating socio-economic and socio-political governing in a crisis-prone landscape.

**Populism, nationalism and welfare states: cross-cutting issues**

There is a rich literature on populism, nationalism and welfare states in Western Europe and North America, which has long interrogated the relationship between far right parties and welfare state attitudes and discourses from the 1980s onwards. At the back of the growing literature on the rise of right wing populist and nationalist parties in Western Europe has emerged a new set of welfare literature around ‘welfare populism’, ‘welfare chauvinism’ (Kitchelt and Maggan, 1995; de Koster, et. al 2012; Keskinen et. al 2016). Swank and Betz (2003) landmark analysis of radical right wing populist (RRWP) parties in 16 Western European countries between 1981 and 1998 found that a universal welfare state with generous social protection provisions supresses the electoral support for these parties. They defined RRWP parties as ones that (a) advocate fundamental change to the existing socio-economic and political order (b) foster or accentuate social inequalities and (c) appeal to public sentiments of resentment, disillusionment and anxiety. They argued that ‘RRWP parties typically embrace neoliberal economic programmes, xenophobia and strident anti-establishment positions’ (ibid. 218). A similar argument is formulated by Mau and Veghte (2007). They argue that right wing populism has strong anti welfare state sentiments for a number of reasons. Firstly, right wing populism operates with a sentiment where equality is reduced to one’s own people. ‘Through this idea, equality is defined in particularlistic terms
and is difficult to reconcile with the universalistic premises of welfare state ideology’ (ibid. 190). Secondly, anti-statism, anti-establishment, and the anti-institutional elements of populism will also foster hostility towards the welfare state. In more recent work, Nordensvard and Ketola (2015) have looked at the Finish and Swedish radical right in their discursive position towards the welfare state and found that right wing Scandinavian populist parties promote an exclusive and exclusionist welfare state that favours ethnic nationals. Within this exclusive and exclusionist approach ‘[n]ew rightist parties not only argue against welfare for foreigners but also criticize the way welfare is arranged and delivered in a manner that neglects the interests of the ‘common man’’ (Nordensvard and Ketola, 2015: 358). In their analysis they find that ‘populist parties in Finland and Sweden move away from both a universal social democratic and a neo-liberal economic framing of the welfare state and thereby introduce a third framing of the welfare state: the welfare nation state’ (ibid. 372).

Similarly, Keskinen and his colleaguges (2016) argue that the economic crisis is likely to accelerate welfare chauvinism, which they see as part of a broader process of neoliberal restructuring of the welfare state. Two important issues emerge from this literature. Firstly, it is evident that the welfare state is a central discursive space of contestation for radical politics, that is, for the sake of this paper, politics dominated by right wing populist nationalist parties and governments. The welfare state comes under intense scrutiny for its moral, political, economic and social foundations. Secondly, an equally important point is that the focus on Western Europe has located radical politics in particular socio-economic and political regimes, which have long standing democratic political regimes and patterns of electoral competitions and comparatively stable party systems. Populist and nationalist parties in this context are small parties which might enter Parlaments but are unlikely to get into government. It is also set in regimes that feature advanced welfare states with longstanding and established welfare regimes. In contrast, the radical politics of Eastern Europe lacks the
social democracy and welfare state nexus that can be found in Western Europe, and instead calls for a more extensive theorisation of authoritarianism and welfare state in non western-European societies. Radical politics in the Hungarian case as discussed in this paper also sees right wing populism traversing into mainstream politics and into governing.

The rise of the radical right in Hungary

The electoral success of FIDESZ has been the product of unusually strong electoral and organisational concentration of the centre-right (Fowler 2005, 2006), which produced, uniquely in the region, a large, united and cohesive right-wing party by the late 1990s. With a strongly polarised party system with two large blocks (one on the left and one on the right) (Enyedi, 2006), FIDESZ came to power both in 1998 and in 2010 at the back of a strong populist backlash against radical austerity programmes and IMF loans with their consequent shock-therapies of 1995 and 2008 (Bohle and Greskovits, 2012). In government between 1998-2002, Orbán, the Prime Minister of Hungary had already started to implement a political ideology which was based on ‘bourgeoisification’, that combined the rejection of neoliberal economics with a ‘polgari’ ideology - favouring the struggling and shrinking middle class that were seen as the carriers of ‘moral and cultural values’ (Fowler, 2007:105). As I will show below, both of these features continued to dominate the Orbán government’s agenda after 2010, when they returned to power, but in much more radical forms.

Fidesz’s political ideology also emerges out of the dynamics of postcommunist party competition, in which in the 1990’s right wing parties pursued economically populist policies while the left was under pressure to follow liberal economic policies to stay on the road to ‘Europe’ (Cook, Orenstein and Rueschmeyer, 1999). In Hungary, the result has been a right wing government that ‘avoided liberal economic policies and fuelled enormous budget deficit
with high levels of social spending’ (ibid. 237). Hence in this period of the late 1990s welfare state resources are actively utilised for the political purposes of ‘bourgeoisification’. This early observation by Cook and her colleagues very much talks to Jensen’s (2014) effort to theorise the relationship between the right and the welfare state in arguing that rather than assuming that right wing parties and governments are slashing the welfare state, expensive and targeted social spending can be a distinctive features of both the left and the right. The difference lies more in the composition of spending: the right is gladly cutting unemployment protection in favour of other life risk protection while at the same time minimalizing redistribution from the rich to the poor (Jensen, 2014). The Orbán government in its first term has indeed introduced generous mortgage subsidies (Bohle, 2014) only affordable and accessible for the middle class and fuelled social welfare spending. For Bohle and Greskovits (2012) this regime represented a ‘welfarist social contract’, where the social protection system is actively and strategically mobilised to gain and sustain political support, but one which produces very particular pattern of redistribution resulting both in the ‘pensioners welfare state’ and high poverty risk for children and young people (see also Vanhuysse, 2006).

**Radical politics and variegated stateness**

The victory in the 2010 general election and the subsequent third term by Orbán in the 2014 elections have brought about an even more radical right-wing government with a different kind of ‘social contract’. The radicalisation of politics after 2010 very soon became evident. Two important factors have facilitated this radicalisation at least at a discursive level. First and foremost, the 2008 global economic crisis hit Hungary hard. The economic recession
and the macroeconomic imbalances have instigated austerity measures and contributed to the fall of living standards for a substantial part of society. Secondly, in conjunction with the economic crisis, the refugee crisis allowed for sustained and systematic political discourses that have been deeply populist and nationalist. What is interesting to note is that the multiplicity of the crises (the economic, political and social) in Hungary produced, mobilised and reinforced a new regime of radical politics with distinct and variegated forms of ‘stateness’. Variegation, here both refers to a theoretical concept capturing the multifaceted, often contradictory and complex processes of crisis (Peck et al. 2007) as well as to a political strategy and opportunistic governance in the context of austerity capitalism (Lendvai and Stubbs, 2015), which in turn allows for an uneven and flexible crisis management. Variegation then becomes a useful tool in capturing the multiplicity and contradictory nature of forms and practices of ‘statenessness’ in the production of radical politics. Below is a extensive yet not exhaustive list of stateness.

The economic crisis hit Hungary very hard. The ‘Debt state’ was already on the horizon in 2008, when government deficit has reached 73% GDP. The rapid credit growth of households coupled with high public debt put Hungary in a very fragile economic situation (Bohle, 2014). The Debt state, as Györffy (2015) argues, has been a permanent feature of macroeconomic governance in Hungary since the 2000s. Government debt has increased steadily from 52.7% in 2001 to 73% by 2008, and Hungary was only released from the EU’s excessive deficit procedure in 2013, the first time since Accession (Györffy, 2015).

The ‘neoliberal state’ of a particular kind, quickly followed the 2008 economic and financial crisis. Drahokoupil’s (2010) ‘Porterian competition state’ has been animated very vividly at a rapid pace. The 16% flat tax system was rapidly introduced in 2011 (Appel and Orenstein, 2013), which was further reduced to 15% in 2016. Large concessions to transnational companies has been put in place, and punative neoliberal workfare agenda was
introduced. A variety of anti-poor measures emerged, including radical cuts to unemployment benefits, compulsory public work and a radical curtailing of social benefits and social assistance (Szikra, 2014).

While the competition state has been fostered through a variety of FDI friendly measures, the ‘unorthodox state’ continued to pursue strong anti-capitalist and populist rhetorics. The Orbán government introduced new levies and taxes on banks and renegotiated the repayment of foreign denominated loans and mortgage rates for households in the context of a radically weakening national currency (Györffy, 2015). Renationalisation of public utilities has also signalled the kind of neoliberal nationalism that Harmes (2012) outlines. The unorthodox state is also a nationalist state, which pulled out from the IMF-EU loan agreement in 2010 and had strong anti-IMF and anti-EU rhetoric. Economic nationalism and unorthodox policies also see the radical renationalisation of the World Bank inspired multi-pillar pension system, where the second (private pension) pillar transferred pensions funds to the national budget in November 2010, totalling a 11.5% of GDP (Györffy, 2015). This unorthodox move took the country out of the EU’s excessive deficit procedures but raised further question marks around the sustainability of the pension system.

The populist state takes many shapes and forms. For Halmai (2015) the Hungarian regime represents ‘an anti-rule-of-law populism’ which disregards constitutional checks and balances and actively withdraws freedoms from various constituencies (i.e. media, NGOs). Bozoki (2011) emphasises the abolition of democracy, republic and human rights from the preamble of the new constitution and replaced by the principle of the ‘true rule of the people’. For Bathory (2016), it is a ‘populist-in-government’ that empowers the ‘people’ against its ‘enemies’. As she quotes Orbán directly:
‘We are building a country where the people do not work for the profit of foreigners. A country where it is not bankers and foreign bureaucrats who tell us how to live, what kind of constitution to have, when we can raise wages and pensions. A country where no one can force others’ interests onto the Hungarian people…. [but] those abroad and at home who for many years or even decades exploited Hungary’s weakness politically and economically are not happy. They are getting ready to take Hungary back to the past…. [but] We wont forget that they ruined the country together. (quoted in Batory, 2016: 290)

For Papas and Kriesi (2015) the populist state has three illiberal components: it rejects all liberal checks and balances, as it takes government by the people‘ literally; it is hostile to all kinds of intermediaries between the people and the decision-makers, and pleads for a more direct linkage of masses to politics; and it is also illiberal because of its monolithic (or unanimous) predetermined conception of the will of the people (in the populist vision of democracy, there is no room for pluralism or deliberation). All three components are very strong in the Hungarian regime to the effect that the ‘people’ are both reified and intangible in the era of ‘revolutionary circumstances’. This populist state functions to brings the appearance of coherence to the regime, which justifies the unorthodox measures, tackles the debt state and allows for the neoliberal state.

Finally, and perhaps most importantly the regime declares itself as an illiberal democracy, an illiberal state. In the words of Orbán, the regime

‘will undertake the odium of expressing that in character it is not liberal nature (…) We have abandoned liberal methods and principles of organising society, as well as the liberal way to look at the world (…) Today, the stars of international analyses are
Singapore, China, Turkey, Russia (…) and if we think back on what we did in the last four years, and what we are going to do in the following four years, then it really can be interpreted from this angle, We are (…) parting ways with Western European dogmas, making ourselves independent from them (…) This is about an ongoing reorganisation of the Hungarian state. Contrary to the liberal state’s organisational logic of the past twenty years, this is a state originating from national interests.’ (www.verfassungsblog.de/en/illiberal-democracy-beyond-hungary-2)

There is a complex web of relationship between these different elements. For example Orbán (in his famous speech at Tusnadfurdo) argued that liberalism has been responsible for the debt state, and as such offered no protection or solution to indebtedness either at a national or individual level. In this logic, the ‘liberal state’ produces ‘debt states’. The unorthodox state is based on the notion that ‘the liberal democracy was not able to openly articulate and take responsibility for serving the national interest. On the contrary, it has fundamentally called into question the very existence of national interest as such (…) What we are doing is the reorganisation of the state based on national interests’ (ibid). The ‘liberal’ is portrayed as anti-national, and the proclaimed illiberal nature of the regime rescues autonomy, identity and cooperation. What seems to be emerging here is a particular political steering of the economy and a political grip on the economy, rather than either depoliticisation or the domination of homo economicus. I will return to this point later on in the conclusion.

The paradoxes of radical politics
The variegated forms of stateness and the seemingly paradoxical mobilisation of neoliberalism and illiberalism, pro-market and anti-market discourses calls for an interrogation of neoliberalism. Jamie Peck’s (2010) argument that rather than seeing neoliberalism as a pure and coherent regime, we perhaps at best can engage in a variety of its paradoxes and its messy hybrids, holds a lot of ground in the Hungarian case. The paradoxes of illiberalism and neoliberalism, the negotiations of pro-market and anti-market discourses, the marriage of social interventionism and the defence of economic globalisation, the anti-welfare state stance on the one hand and extensive social spending on the other, the combination of ‘activation’ of the unemployed, and deactivation of mothers, women and pensioners present very distinctive features, which perhaps are best described as ‘authoritarian neoliberalism’ (Bruff, 2014). The compelling argument by Ong that in East Asia, neoliberalism is delivered by neoliberal exceptions would of course bring this argument within Europe. However, as Jamie Peck reminds us, ‘there is nothing exceptional, either in principle or in practice, in the construction of accommodation between neoliberalism and authoritarianism – witness Chile, Singapore, or indeed Stuart Hall’s analysis of “authoritarian populism” in Britain. To style these configurations as deviant has the effect, moreover, of naturalising neoliberalism in supposedly ‘normal’ or non-deviant setting such as the United States’ (Peck, 2010:32). For Peck, neoliberalism is contradictory and polymorphic, and ‘its success as an ideological project reflects its deeply contradictory nature, as a combination of dogmatism and adaptability, strategic intent and opportunistic exploitations, programmatic vision and tactical smarts, principle and hypocrisy’ (Peck, 2010:4). Importantly, the Hungarian regime of authoritarian neoliberalism also emerges in a temporality with a stage of supranational integration in the European Union, which Streeck (2014) describes as a ‘consolidation state’
‘The European consolidation state of the early twenty-first century is not a national but an international structure – a suprastate regime that regulates its participating nation-states, without a democratically accountable government but with a set of binding rules: through ‘governance’ rather than government, so that democracy is tamed by markets instead of markets by democracy. This is a historically novel construct, designed to ensure the market conformity of formerly sovereign nation-states: a market straitjacket for democratic politics, with powers formally resembling various other innovations in international law, except that in this case what they involve are not a duty to protect’ but a duty to pay. The purpose of the whole edifice, whose completion is drawing ever closer, is to depoliticize the economy while at the same time de-democratizing politics’. (Streeck, 2014:116).

Similar argument is made by Brown (2015) in yet a different spatial scale arguing for the rise of ‘market democracy’, where the political lexicon is replaced by a market lexicon, governance gives rise to the management lexicon and the ‘combination transforms the democratic promise of shared rule into a promise of enterprise and portfolio management, at the individual and collective level’ (ibid: 207). Welfare states are again vital for the work that is carried out in terms of tolerating cuts in wages, public investments, and high rates of joblessness. Market democracy then governs insecurities through a ‘responsibilised citizen [who] tolerates insecurity, deprivation and extreme exposure to maintain the competitive positioning, growth, or credit rating of the nation as firm’ (ibid:213).

**The rise of authoritarian neoliberalism**
The emerging regime in Hungary seems to resemble what Ian Bruff calls authoritarian neoliberalism, a regime that is a response to both the wider crisis of capitalism and the more specific legitimation crisis of capitalist states, in which ‘the crisis of the state intensifies at the same time as its strategies of displacement seek to stabilise the dislocations emanating from socioeconomic restructuring without granting material concessions to subordinate social groups’ (Bruff, 2014:125). Taking this more broadly, the triple transformation of post-communist Europe posed very similar pressures; how to negotiate the contradictory demands for establishing a market economy, democracy and nation-states (Offe, 2001). Within this context, Bohle and Greskovits (2012) argue that nationalism, identity politics and/or welfarism have emerged as key pacifying mechanisms through which economic losses and insecurities were mitigated and managed. Their stark warning becomes very relevant when they argue that ‘we sense a trade-off between welfarist and identity politics. Once embedding neoliberalism in socially protective arrangements become untenable, democratic politics is likely to lose balance, and stabilisation may occur via larger doses of identity politics leading in the worst case, to sacrifices of democratic quality’ (Bohle and Greskovits, 2012:265). As Bruff argues ‘under authoritarian neoliberalism dominant social groups are less interested in neutralising resistance and dissent via concessions and forms of compromise that maintain their hegemony, favouring instead the explicit exclusion and marginalisation of subordinate social groups through constitutionally and legally engineered self-disempowerment of nominally democratic institutions, governments and parliaments’ (Bruff, 2014:116). Authoritarian neoliberalism then represents a trend towards a state reconfiguration into a less open and democratic entity. The authoritarian element of the regime also has a strong vision of the new society, which is based on self-responsibility as well as ‘a system of national cooperation’, conveying communitarian values in direct opposition to liberalism (Batory, 2016). As Juhasz (2012) argues the regime has brought about a massive backlash in gender
issues, with gender mainstreaming being replaced by family mainstreaming underpinned by a Christian ideology focusing on demographic growth. Gero and Kopper (2013) emphasises how civil society has on the one hand been made redundant by ‘direct consultations’, on the other hand as they argue, the massive politicisation of civil organisations has also undermined the democratic operation of society.

**Illiberal democracy and ‘the end of the welfare state’**

Soon after the re-election of the Orbán government in 2014, an even more radical anti-welfare state rhetoric emerged, calling for ‘ending the welfare state’. As Orbán argued:

‘our starting point is the fact that until now we have known three forms of state organisation: the nation state, the liberal state and the welfare state. And the question is, what’s next? The Hungarian answer to this question is that the era of the work-based state is approaching. We want to organise a work-based society that, as I have just mentioned, undertakes the odium of stating that it is not liberal in character. [...] societies that are built on the state organisation principle of liberal democracy will probably be incapable of maintaining their global competitiveness in the upcoming decades and will instead probably be scaled down unless they are capable of changing themselves significantly. [...] It is better to acknowledge, even if it is difficult, that the concept of welfare state is over. Instead of that, we should try to build up workfare states and replace entitlements with a merit-based society.’ (Orbán, speech in 2014, translated by Mihaly Koltai

([http://www.antiimperialista.org/Orbán_harbinger_EU_future](http://www.antiimperialista.org/Orbán_harbinger_EU_future))
Three distinctive elements are present in this new vision of the ‘end of the welfare state’. First, it is a workfare state that is not liberal in character. Second, although austerity as a notion never entered the public domain as a discourse in Hungary, radical austerity measures have been introduced since 2010. Third, the ‘end of the welfare state’ involves the radical reconfiguration of both the language of ‘welfare’ and the ‘social’.

‘Illiberal workfare’ has been founded on the assumption that the chronic problems of the Hungarian labour market lie on the supply side in that the overly generous benefits create disincentives for people to enter the labour market (Bako, et. al, 2014). As such, in 2011 the Orbán government rolled out compulsory public employment schemes, the so called ‘National Public Work Programme’ and radically reduced employment related and social benefits. In 2012, the government cut unemployment benefit from 9 months to 3 months (Szikra, 2014) and reduced the amount of long-term unemployment benefit from 95 to 70 Euros per month, as well as radically restricting eligibility. Despite the European Commission expressing concerns of ‘a risk that the drastic cut in unemployment benefit, together with the reduced capacities of the Public Employment Service, will result in channelling and locking people in to public works’ (European Commission 2012: 20), public work programmes have been rolled out, where the unemployed are forced to accept work set at 50% of minimum wage, at a large scale which was managed by the Ministry for Interior (Szikra, 2014) and implemented in a rather militaristic style. While between 2011 and 2014 public work became the largest employment related programme in the country by tripling the public expenditures on the scheme, several researches highlighted its inefficiency (Bako et al.; Koltai, 2012). For example, Bako at al. (2014:4) found that only 10% of participants were able to find a job on the primary labour market 6 months after the scheme. Public work has also crowded out other
active labour market measures. Considering the programme’s complex dynamics, it is questionable whether we could consider it as an ‘active labour market measure’ at all. The rolling out of the programme continued even after 2014, the latest announcement being that public work schemes will allow people to join the Armed forces to become volunteer soldiers as part of their public work. Importantly, public work schemes continue to be fundamentally punitive, ethnically selective, (targeting Roma and other ethnic minorities) and essentially decoupled from the competitive labour market. Should anybody refuse to participate, this would mean losing all their eligible benefits altogether. Finally, as Bako and his colleagues (2014:4) argue, while public work as a policy tool has been around for a long time, ‘the idea that it can and should replace the entire social benefit system is a brand new ambition’.

The second formative characteristic of the ‘end of the welfare state’ is the radical retrenchment of social benefits without a public discourse of ‘austerity’. In contrast with a British governmental discourse in which austerity is seen as a disciplined response to managing ‘debt’, the Hungarian post-crisis discourse does not reference austerity at all, and instead is built on a moral discourse of work and merit within a ‘new national contract’. The comprehensive reconfiguration of the Hungarian welfare state within the new contract started soon after 2010. In 2011 a flat tax system was introduced at 16%, which meant a substantial tax increase for low income earners who lost their previous tax exemptions. A complete freeze on all benefits and public sector wages were introduced for 4 years. Not only was the duration of unemployment benefit cut dramatically to the shortest in Europe, but so also was the monthly amount of long-term unemployment benefit. New, much more flexible labour laws were introduced to make it easier for employers to fire and hire. In order to compensate for the shortfall in public revenues, VAT was increased to 27%, the highest in Europe. Public expenditure on education has been cut, higher education spending has seen a 30% cut between 2010 and 2014. Between 2008 and 2016, social spending on benefits has been scaled back.
dramatically. Unemployment related benefits have fallen from 0.4% of GDP in 2008 to 0.1% in 2016; sick payment and disability benefits were reduced from 1.8% GDP to 1.3%, child benefits fallen from 2.0% to 1.5% of GDP. Total social protection spending as a share of GDP has fallen from 15.9% in 2008 to 14.3% in 2016 (Policy Agenda, 2015). In 2015 a new law on social benefits was introduced which discontinued the state social assistance system and replaced it with a decentralised one. As part of the new system, some forms of social assistance was stopped all together, such as housing benefit and discre
tional carers’ benefit, while the remaining forms of social assistance were delegated to local municipalities, most often without any funding resources and on a discretionary basis. As Bako et al (2014) argue, uniquely amongst OECD countries, Hungary has reduced the net value of all employment related and social benefit payments by 6% between 2011 and 2014.

The ‘new social contract’ also comes with a new language. While we have seen above that ‘illiberal’ is viewed as positive and authoritative, and ‘the end of the welfare state’ is declared, the change to the linguistic lanscape is even broader than those ‘grand declarations’; it aims to reconfigure and rebuild forms and practices of social solidarity, social bonds and relations in the widest possible terms. As noted earlier, an example of this changing linguistic lanscape is the replacement of ‘gender mainstreaming’ with the term ‘family mainstreaming’ (Juhasz, 2012). ‘Social assistance’ has been renamed as ‘parish assistance’, with deliberate paternalistic and feudal connotations dating back to the 13th century. Abolished by the communist party in 1983, this administrative unit has been reinstated, with parish assistance being discretionary and subject to the financial resources available to the parish. Child benefit becomes ‘pedagogical and educational support’ with an explicit reference to the duty of parenting as well as its conditionality upon compulsory education - educational support is suspended after 50 hours of unauthorised absence from school. Many of the former social benefits were renamed in a way that the ‘social’ becomes eradicated and replaced either with
employment or parish related terminologies. The reorganisation of social and child care services around these new parish territorial units, also means that often these services become unavailable within rural and remote areas, where accessing services such as legal support or councelling is 50-60km away.

The ‘end of the welfare state’ also signals new social divisions and inequalities. Eurostat data confirms that poverty and social exclusion has increased; in 2013 33.5% people were at risk of poverty and social exclusion. The same rate for children is as high as 43%. Furthermore, 27% of the population experiences severe material deprivation (Eurostat, 2016). Bako at al (2014) also highlight the perverse effect of redistribution in 2014: the top 3 income deciles receives more social transfers than the bottom 3 deciles, which points to the weaknesses of targeted benefits for the poor.

Poverty has sharply increased in Hungary between 2008 and 2013. By 2013 3.3 million people (1 in 3 of the population) was at risk of poverty. The buffering effect of social transfers has been significantly weaker than in other member states and across the EU as a whole, and crucially, severe material deprivation, perhaps the best indicator of deep poverty, has also sharply increased from 17.9% to 26.8%, an unprecedented increase only comparable to that of Greece. The implication of the data is that the reconfiguration and retrenchment of the welfare state has come at a time when these systems were needed to buffer the effect of the economic crisis.
The crisis of the European Accession and European integration

While the Orbán regime is a distinctively national construction with specific geographies and temporality, the regime has emerged in a distinctive supranational context in which both the European Accession and integration process played a formative role. I conceptualise this role in three distinctive aspects: firstly, a strongly depoliticised Accession process has contributed to the political crisis; secondly, the crisis management by the EU has enabled, fuelled and informed the regime’s economic responses; and thirdly, the features of the EU social policy allowed a social disinvestment strategy by the Orbán regime.

A second generation literature on EU accession and conditionality is all the more acknowledging that the accession process for the first and second round of Eastern enlargement has been a fast tracked and depoliticised accession process. While scholars have been broadly hopeful and optimistic that the EU Accession process will lead to democratization and discursive Europeanisation, the rise of the Orbán regime raises questions around the role and impact of EU Accession and EU integration. If the rise of a populist regime can be seen as the crisis of democracy, Sissenich’s (2007) argument about the depoliticisation during the EU Accession process is an important one. She highlights and draws attention to the notable absence of politics during the Accession process, where, as she argues, society has been strangely absent from EU Accession and from EU social policy transfer, and that EU Enlargement occurred without substantial societal participation. Instead, she asserts, a state-centric rule-transfer has dominated the process, which ‘has likely reinforced a top-down style of policy making at a time when postsocialist countries are seeking to consolidate their democracies’ (Sissenich, 2007:183). As a result, a fast-tracked,
elite driven EU Accession project further marginalized societal actors, non-governmental actors and civil society more broadly. Sissenich also makes an important, often neglected argument that in the absence of a redistributive EU social policy, ‘the absence of any clear and significant redistributive elements meant there was no content around which broad socio-economic interest could mobilise’ as such ‘EU social policy did not trigger any class conflict in the accession countries’ (p 3).

Second, the electoral victory of Orbán and Hungary’s financial nationalist turn is argued to be directly related to pressures emanating from the EU as a response to the financial and economic crisis. As Johnson and Barnes (2015:536) argue,

‘two international factors ironically enabled Orbán to take his financial nationalist ideas from theory to practice: IMF and EU policies that first contributed to Fidesz’s landslide electoral victory and then made it difficult to counter Orbán once in power […] In particular Orbán’s willingness and ability to use unorthodox, financial nationalist policies to control government deficits and debt both reduced EU and IMF leverage over Hungary and encouraged bond markets to overlook the unsavoury politics that produced these numbers’.

This second aspects also talks to the emergence of the EU consolidation state as a hyperdevelopment of a particular and intensifying form of neoliberalism, what Streeck (2013) calls the Hayekisation of European capitalisms. Within this context the eastern enlargement represented the expanding empire of market economics and rolling out of neoliberalism (Borocz, 2001). Further to this, the economic crisis management of the EU represented a particular regime of top-down governability of debts and discipline, which enabled the rise of an anti-liberal political discourse in Hungary as a distinctively successful domestic strategy.
Finally, the construction of the social dimension of the EU also has a role to play. Apart from the fact, mentioned above by Sissenich, where the lack of a redistributive element of the EU meant that in the light of lack of class conflicts or socio-economic interests mobilised through the Accession process, the ‘social’ and the ‘political’ has been made invisible, the dynamics after membership allows for new logics of invisibility. Ironically, the EU Structural Funds have enabled the social disinvestment by the Orbán regime. While public resources are drained out of public services, and spending and core funding is cut dramatically across a number of sectors (most noticeably in the social sector and in education), the Structural Fund projects sustain the illusion of ‘investment, growth and development’. In an interesting case study Parker and Bulic (2013) highlight how EU Structural Funds in Hungary are used to renovate, update or even expand large residential institutions for people living with disability or mental health problems. Despite the legal prohibition of the renovation of large residential homes coming into effect in 2012, large amount of EU funding is spent on sustaining segregated living that offer poor quality and depersonalised care. Rather than closing these institutions down European Social Fund money is spent on carrying out building work, while European Regional Development Fund is spent on updating the energy efficiency of these old and outdated buildings. Instead of deinstitutionalisation and community based living, reinstitutionalisation is taking place with substantial EU contribution. Juhasz (2012) highlights how quite paradoxically often it is the EU’s structural funds that are used to support and convey governmental propaganda. She documents how the new anti-abortion and pro-adoption campaigns have been funded by the EU’s Progress Fund under the gender mainstreaming stream (Juhasz, 2012).

Conclusion
Bruff’s notion of authoritarian neoliberalism in the Hungarian context comes as a particular form of stateness. It is based on an apparent paradox: the building of illiberal neoliberalism, or a nationalist competition state. As Batory (2016) argues, ‘Fidesz in government married policies and rhetoric that do not ‘normally’ go together: fiscal discipline with increased state intervention in the market and the creation of state monopolies; “neoliberal” flat tax with nationalizing, and spending the assets of private pension funds; cracking down on multinationals and (foreign owned) banks while making the labour market more “flexible”; criticizing “Brussels” meddling in the country’s affair while spending EU structural funds’ (Batory, 2016:293). These seemingly paradoxical claims, practices and disciplines may not be that paradoxical. If we go along with Streeck’s metaphor (2013:117) of the ‘firewall’ between politics and economics, Orbán is drilling through the firewall in unexpected places. He is mobilising a particular political ‘agency’ against global and EU neoliberalism. This newly found ‘agency’ also reflects on post-communist transformation: the ‘agency’ which was argued to have vanished during the last 25 years has been ‘reclaimed’. It also talks to the unspeakable: the ability to critique the EU, after a decade of silence and compliance; the fight against a seemingly neoliberal EU ‘consensus’ is replaced by a domestic populist ‘consensus’.

Most crucially, this new illiberal communitarian ‘consensus’ comes with a new social contract that is deeply exclusionary at times when managing social risks requires collective and public support. The discourse of the ‘end of the welfare state’ is a radical one with comprehensive rolling out and rolling back of state functions, fall in public investment, particular constellation of taxes, spending and cuts. Austerity without the discourse of austerity and a regime which is not just a ‘domestic product’, rather it is deeply embedded in broader regional, supranational processes; a neoliberal exception within ‘Europe’. As such, this paper makes three important theoretical points with the view of needing further academic discussions. Firstly, while Streeck and Brown are making important arguments about the
depoliticisation of economy and de-democratistation of politics, the Hungarian case seems to suggest a re-politicisation of economy alongside the de-democratisation of politics. Democracy is not eroded on the basis of valorising the market or rolling out of advanced neoliberalism. Rather, there is a nationalist and populist grip on ‘market democracy’. Ironically, both the re-politicisation of the economy and the de-democratisation of politics are deeply rooted in the communist legacies. In this new nexus between economy and politics, politics is not subordinated or deactivated, quite the opposite. Secondly, I would very much argue that the rise of authoritarian neoliberalism in Hungary is one of the by-products of EU integration. The de-policisation of economic integration during the Accession process, as well as the intensification of austerity and fiscal discipline in the EU’s crisis management has opened up spaces for a ‘break away from the resurgent orthodoxy’ (Bohle and Greskovits, 2012: 267). As much as the case can’t be anything other than a historically and culturally unique domestic construction, it is also a transnational product of the EU’s consolidation state. As such, if one considers the British referendum and Brexit to be a symptom of disintegration and dissent, the Hungarian regime is also a dissent: a dissent from the EU’s economic and political integration, a dissent from open borders, a dissent from fiscal governance - the ‘illiberal democracy’ is an attack on the EU integration project itself. Finally, authoritarian neoliberalism marks a new paradigm for the welfare state, one which not only calls for the end of the welfare state, but also one that celebrates social disinvesment. In this new paradigm, the economic rationalities that underpin the social investment model are replaced by and then go beyond political rationalities, where the welfare state is no longer necessary – not even for political purposes. In this radical and troubling scenario, it is the welfare state itself that has been made redundant.
References

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